AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned, "States make more in taxes than Centre" which appeared in the 'Economic Times' dated June 10,2002.

(b) if so, the details thereof;

(c) whether any incentive is proposed to be given to the States for mopping up higher collections;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the reasons for Central collections lagging behind and steps proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Yes, Sir.

(b) The news item compares the growth in Centre's tax revenues *vis-a-vis* States own tax revenues during the year 2000-01. It indicates that while the Centre has managed to better its collection by 1.4%, States have reported a 10% jump, in the aggregate.

(c) and (d) Pursuant to the recommendations of the Eleventh Finance Commission, Government of India has drafted a scheme called the States' Fiscal Reform Facility. An incentive fund of Rs. 10,607.72 crore has been created by the Government of India, which States may access if they meet the minimum objectives of fiscal improvement detailed in the scheme.

(e) The major shortfall in Centre's net tax revenue is due mainly to the enconomic slowdown. 2002-03 (BE) shows an increase of 22% in Centre's net tax revenues. Steps are being taken to ensure adequate tax compliance.

High Cost Interest Burden of Integrated Steel Plants

682. SHRI JIBON ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that integrated steel plants are facing acute crisis owing to high cost interest burden;

(b) if so, the total amount of loan burden and its annual interest commitments (unit-wise); and

(c) the steps taken by Government to bail out the Industry?

THE MINISTERYOF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) The Integrated Steel Plants (ISPs) financed by institutions emerged on the scence after deregulation of the steel industry in 1991. A major portion of the debt availed by these projects was during the period 1992 to 1997. The rate of interest during this period was relatively higher than the current rates mainly due to high cost of raising resources by the institutions. Further, the delays in implementation of the projects led to time and consequently cost overruns. Most of the companies implementing ISPs, which involve huge capital outlay, were unable to raise the necessary equity funds due to subdued capital market conditions. This necessitated substitution of equity by debt from domestic sources leading to high debt equity ratio. Besides this, the selling prices of steel products declined sharply as a result of the recessionay conditions prevailing in the steel industry. Due to these factors, the operating margins of the ISPs have come under pressure.

(b) In accordance with the practice anJ usages customary amongst the banks and in conformity with the provisions of statues governing the financial institutions as also the provisions of the Public Financial Institutions (Obligation As to Fidelity and Secrecy) Act, 1983, the information in respect of the constituents of the Public Financial Institution cannot be divulged.

(c) The steps taken by the Government to help the steel sector include:

A National Campaign for increasing the demand of Steel, especially in non traditional sectors, such as rural and agro-based industrial sector has been launched.

Rationalisation of duties of raw materials for steel making.

Rationalisation of Duty Entitlement Pass Book (DEPB) rates for

steel exports have been carried out to boost exports.

Setting up a "Steel Exporters Forum" to help steel exporters to overcome bottlenecks in exports.

Anti-Dumping duty on Hot Rolled Coils imported Ukraine and Russia to check cheap imports.

Credit Flow to North Eastern States by Commercial Banks

683. DR. ARUN KUMAR SARMA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have instructed the commercial banks to increase credit flow to North Eastern States;

(b) if so, the details of the targets given to the banks;

(c) the list of banks which have and which have not complied with the targets;

(d) the date of such instructions and bank-wise achievements upto June, 2002; and

(e) the reasons for shortfall, if any, and the steps taken to meet the targets?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRIANANT GANGARAM GEETE): (a) and (b) In order to improve the Credit Deposit Ratio (CDR) in North Eastern States, a target of Rs. 1500 crore was given to the banks to be achieved during the year 2001 -02. The banks-wise details of targets are given statement I (see below).

(c) The list of banks which have and which have not achieved the target is given in Statement II (See below).

(d) The bank-wise targets were allocated in the combined meeting of State Level Bankers Committee (SLBC) held on 29th November, 2001. The bank-wise achievements upto June, 2002 as reported by State Bank of India (SBI), the convenor bank for SLBC are given in Statement III *(See* below).